



General Assembly

January Session, 2011

***Raised Bill No. 6527***

LCO No. 3425

\*03425\_\_\_\_\_CE\_\*

Referred to Committee on Commerce

Introduced by:  
(CE)

***AN ACT CONCERNING TAX INCREMENTAL FINANCING IN  
ENTERPRISE CORRIDOR ZONES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 32-23zz of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2011*):

3 (a) For the purpose of assisting (1) any information technology  
4 project, as defined in subsection (ee) of section 32-23d, which is located  
5 in an eligible municipality, as defined in subdivision (12) of subsection  
6 (a) of section 32-9t, or a municipality designated as an enterprise  
7 corridor zone pursuant to section 32-80, or (2) any remediation project,  
8 as defined in subsection (ii) of section 32-23d, the Connecticut  
9 Development Authority may, upon a resolution of the legislative body  
10 of a municipality, issue and administer bonds which are payable solely  
11 or in part from and secured by: (A) A pledge of and lien upon any and  
12 all of the income, proceeds, revenues and property of such a project,  
13 including the proceeds of grants, loans, advances or contributions from  
14 the federal government, the state or any other source, including  
15 financial assistance furnished by the municipality or any other public  
16 body, (B) taxes or payments or grants in lieu of taxes allocated to and

17 payable into a special fund of the Connecticut Development Authority  
18 pursuant to the provisions of subsection (b) of this section, or (C) any  
19 combination of the foregoing. Any such bonds of the Connecticut  
20 Development Authority shall mature at such time or times not  
21 exceeding thirty years from their date of issuance and shall be subject  
22 to the general terms and provisions of law applicable to the issuance of  
23 bonds by the Connecticut Development Authority, except that such  
24 bonds shall be issued without a special capital reserve fund as  
25 provided in subsection (b) of section 32-23j and, for purposes of section  
26 32-23f, only the approval of the board of directors of the authority shall  
27 be required for the issuance and sale of such bonds. Any pledge made  
28 by the municipality or the Connecticut Development Authority for  
29 bonds issued as provided in this section shall be valid and binding  
30 from the time when the pledge is made, and revenues and other  
31 receipts, funds or moneys so pledged and thereafter received by the  
32 municipality or the Connecticut Development Authority shall be  
33 subject to the lien of such pledge without any physical delivery thereof  
34 or further act. The lien of such pledge shall be valid and binding  
35 against all parties having claims of any kind in tort, contract or  
36 otherwise against the municipality or the Connecticut Development  
37 Authority, even if the parties have no notice of such lien. Recording of  
38 the resolution or any other instrument by which such a pledge is  
39 created shall not be required. In connection with any such assignment  
40 of taxes or payments in lieu of taxes, the Connecticut Development  
41 Authority may, if the resolution so provides, exercise the rights  
42 provided for in section 12-195h of an assignee for consideration of any  
43 lien filed to secure the payment of such taxes or payments in lieu of  
44 taxes. All expenses incurred in providing such assistance may be  
45 treated as project costs.

46 (b) Any proceedings authorizing the issuance of bonds under this  
47 section may contain a provision that taxes or a specified portion  
48 thereof, if any, identified in such authorizing proceedings and levied  
49 upon taxable real or personal property, or both, in a project each year,  
50 or payments or grants in lieu of such taxes or a specified portion

51 thereof, by or for the benefit of any one or more municipalities,  
52 districts or other public taxing agencies, as the case may be, shall be  
53 divided as follows: (1) In each fiscal year that portion of the taxes or  
54 payments or grants in lieu of taxes which would be produced by  
55 applying the then current tax rate of each of the taxing agencies to the  
56 total sum of the assessed value of the taxable property in the project on  
57 the date of such authorizing proceedings, adjusted in the case of grants  
58 in lieu of taxes to reflect the applicable statutory rate of  
59 reimbursement, shall be allocated to and when collected shall be paid  
60 into the funds of the respective taxing agencies in the same manner as  
61 taxes by or for said taxing agencies on all other property are paid; and  
62 (2) that portion of the assessed taxes or the payments or grants in lieu  
63 of taxes, or both, each fiscal year in excess of the amount referred to in  
64 subdivision (1) of this subsection shall be allocated to and when  
65 collected shall be paid into a special fund of the Connecticut  
66 Development Authority to be used in each fiscal year, in the discretion  
67 of the Connecticut Development Authority, to pay the principal of and  
68 interest due in such fiscal year on bonds issued by the Connecticut  
69 Development Authority to finance, refinance or otherwise assist such  
70 project, to purchase bonds issued for such project, or to reimburse the  
71 provider of or reimbursement party with respect to any guarantee,  
72 letter of credit, policy of bond insurance, funds deposited in a debt  
73 service reserve fund, funds deposited as capitalized interest or other  
74 credit enhancement device used to secure payment of debt service on  
75 any bonds issued by the Connecticut Development Authority to  
76 finance, refinance or otherwise assist such project, to the extent of any  
77 payments of debt service made therefrom. Unless and until the total  
78 assessed valuation of the taxable property in a project exceeds the total  
79 assessed value of the taxable property in such project as shown by the  
80 last assessment list referred to in subdivision (1) of this subsection, all  
81 of the taxes levied and collected and all of the payments or grants in  
82 lieu of taxes due and collected upon the taxable property in such  
83 project shall be paid into the funds of the respective taxing agencies.  
84 When such bonds and interest thereof, and such debt service

85 reimbursement to the provider of or reimbursement party with respect  
86 to such credit enhancement, have been paid in full, all moneys  
87 thereafter received from taxes or payments or grants in lieu of taxes  
88 upon the taxable property in such development project shall be paid  
89 into the funds of the respective taxing agencies in the same manner as  
90 taxes on all other property are paid. The total amount of bonds issued  
91 pursuant to this section which are payable from grants in lieu of taxes  
92 payable by the state shall not exceed an amount of bonds, the debt  
93 service on which in any state fiscal year is, in total, equal to one million  
94 dollars.

95 (c) The authority may make grants or provide loans or other forms  
96 of financial assistance from the proceeds of special or general  
97 obligation notes or bonds of the authority issued without the security  
98 of a special capital reserve fund within the meaning of subsection (b)  
99 of section 32-23j, which bonds are payable from and secured by, in  
100 whole or in part, the pledge and security provided for in section 8-134,  
101 8-192, 32-227 or this section, all on such terms and conditions,  
102 including such agreements with the municipality and the developer of  
103 the project, as the authority determines to be appropriate in the  
104 circumstances, provided any such project in an area designated as an  
105 enterprise zone pursuant to section 32-70 receiving such financial  
106 assistance shall be ineligible for any fixed assessment pursuant to  
107 section 32-71, and the authority, as a condition of such grant, loan or  
108 other financial assistance, may require the waiver, in whole or in part,  
109 of any property tax exemption with respect to such project otherwise  
110 available under subsection (59) or (60) of section 12-81.

111 (d) As used in this section, "bonds" means any bonds, including  
112 refunding bonds, notes, temporary notes, interim certificates,  
113 debentures or other obligations; "legislative body" has the meaning  
114 provided in subsection (w) of section 32-222; and "municipality" means  
115 a town, city, consolidated town or city or consolidated town and  
116 borough.

117 (e) For purposes of this section, references to the Connecticut  
118 Development Authority shall include any subsidiary of the  
119 Connecticut Development Authority established pursuant to  
120 subsection (l) of section 32-11a, and a municipality may act by and  
121 through its implementing agency, as defined in subsection (k) of  
122 section 32-222.

123 [(f) No commitments for new projects shall be approved by the  
124 authority under this section on or after July 1, 2012.]

125 [(g)] (f) In the case of a remediation project, as defined in subsection  
126 (ii) of section 32-23d, that involves buildings that are vacant,  
127 underutilized or in deteriorating condition and as to which municipal  
128 real property taxes are delinquent, in whole or in part, for more than  
129 one fiscal year, the amount determined in accordance with subdivision  
130 (1) of subsection (b) of this section may, if the resolution of the  
131 municipality so provides, be established at an amount less than the  
132 amount so determined, but not less than the amount of municipal  
133 property taxes actually paid during the most recently completed fiscal  
134 year. If the Connecticut Development Authority issues bonds for the  
135 remediation project, the amount established in the resolution shall be  
136 used for all purposes of subsection (a) of this section.

137 Sec. 2. Section 32-285 of the general statutes is repealed and the  
138 following is substituted in lieu thereof (*Effective July 1, 2011*):

139 (a) (1) There is hereby established a tax incremental financing  
140 program, under which the incremental hotel taxes collected under  
141 subparagraph (H) of subdivision (2) of subsection (a) of section 12-407,  
142 which are generated by a project approved by the authority under this  
143 section may be used to pay the debt service on bonds issued by the  
144 authority to help finance, on a self-sustaining basis, significant  
145 economic projects and encourage their location in the state.

146 (2) The incremental sales taxes collected under chapter 219, other  
147 than the sales tax referenced in subdivision (1) of this subsection, and

148 admissions, cabaret and dues taxes collected under chapter 225 which  
149 are generated by a project may, subject to approval pursuant to this  
150 section by the joint standing committees of the General Assembly  
151 having cognizance of matters relating to the Department of Economic  
152 and Community Development and finance, revenue and bonding, and  
153 the authority, be used to pay the debt service on bonds issued by the  
154 authority to help finance, on a self-sustaining basis, significant  
155 economic projects and encourage their location in the state.

156 (b) As used in this section: (1) "Authority" means the Connecticut  
157 Development Authority; and (2) "eligible project" means a large-scale  
158 economic development project (A) that may add a substantial amount  
159 of new economic activity and employment in the municipality in  
160 which it is to be located and surrounding areas, and may generate  
161 significant additional tax revenues in the state; (B) for which use of the  
162 tax incremental financing mechanism may be necessary to attract the  
163 project to locate in the state; (C) which is economically viable and self-  
164 sustaining, taking into account the application of the proceeds of the  
165 bonds to be issued under the tax incremental financing program; (D)  
166 for which the direct and indirect economic benefits to the state and the  
167 municipality in which it will be located outweigh the costs of the  
168 project; and (E) which is consistent with the strategic development  
169 priorities of the state.

170 (c) Any person, firm or corporation wishing to participate in the tax  
171 incremental financing program, or any municipality wishing to obtain  
172 tax incremental financing to support a project within its boundaries,  
173 may apply to the authority in accordance with the provisions of this  
174 subsection. The application shall contain such information as the  
175 authority may require, which may include information concerning the  
176 type of business proposed to be established and its location, the  
177 number of jobs to be created or retained and their average wage rates,  
178 feasibility studies or business plans for the project and other  
179 information necessary to demonstrate its financial viability, the  
180 amounts and types of bonds proposed to be issued for the project and

181 the proposed use of the proceeds, information about other sources of  
182 financing available to support repayment of the bonds proposed to be  
183 issued, including property tax increments to be made available by the  
184 municipality, a geographic description of the area surrounding the  
185 proposed site of the project and the existing firms doing business in  
186 that area, an economic impact assessment of the effects of the project  
187 on the municipality, an assessment of the incremental hotel taxes, or, if  
188 applicable, the incremental sales and admissions, cabaret and dues  
189 taxes to be generated by the project, an analysis of necessary  
190 infrastructure development to support the project and any available  
191 sources of financing for such infrastructure and other information  
192 which demonstrates that the bonds will be self-sustaining from the  
193 incremental taxes collected and any amounts made available by a  
194 municipality under subsection (i) of this section, and that the project  
195 will provide net benefits to the economy and employment opportunity  
196 in the state. The authority shall impose a fee for such application as it  
197 deems appropriate. Any costs incurred by the authority which are  
198 associated with such application and are not covered by such fee shall  
199 be paid from funds of the authority which are not otherwise  
200 committed or pledged.

201 (d) Upon receiving an application for participation in the tax  
202 incremental financing program and any supporting information, the  
203 executive director of the authority shall make a preliminary  
204 determination as to whether a proposed project may be eligible for  
205 participation in the program.

206 (e) (1) The authority shall review each application that has been  
207 preliminarily determined to be eligible under subsection (d) of this  
208 section. In reviewing an application, the authority shall obtain such  
209 additional information as may be necessary to make a final  
210 determination as to whether the project is eligible for participation in  
211 the program, whether the project is economically viable with use of the  
212 tax incremental financing mechanism, the effects of the project on the  
213 municipality and whether the project would provide net benefits to

214 economic development and employment opportunity in the state. The  
215 authority may require the project sponsor to submit such additional  
216 information as may be necessary to evaluate the application.

217 (2) The authority shall retain such financial advisors and other  
218 experts as it deems appropriate to conduct an independent financial  
219 assessment of the application and supporting information, including,  
220 in particular, the amount of the incremental hotel taxes, or, if  
221 applicable, the incremental sales and admissions, cabaret and dues  
222 taxes to be generated by the project, whether the project will be  
223 economically viable and whether the bonds will be self-sustaining.

224 (3) The authority shall prepare a revenue impact assessment that  
225 estimates the incremental hotel taxes or, if applicable, the incremental  
226 sales and admissions, cabaret and dues taxes that would be generated  
227 by the project, the state and local revenues that would be foregone as a  
228 result of the project, all state and local revenues that would be  
229 generated by the project and the economic benefits that would likely  
230 result from construction of the project, including revenue effects of  
231 such economic benefits.

232 (4) (A) Not later than seventy-two hours before presenting a  
233 proposed project to the board of directors of the authority for final  
234 approval, if such project uses incremental hotel taxes, the executive  
235 director of the authority shall give notice of the proposed project and  
236 meeting to the president pro tempore and minority leader of the  
237 Senate, the speaker and minority leader of the House of  
238 Representatives and the chairpersons and ranking members of the  
239 joint standing committees of the General Assembly having cognizance  
240 of matters relating to finance, revenue and bonding and the  
241 Department of Economic and Community Development. Such notice  
242 shall include such information about the project, the estimated tax  
243 increments and the revenue impact assessment, as may be appropriate,  
244 consistent with the protection of any confidential financial information  
245 provided by the project sponsor. Any such member of the General



246 Assembly may, by notifying the executive director, request that the  
247 board of directors of the authority defer final consideration of the  
248 project for thirty days.

249 (B) If such project uses incremental sales and admissions, cabaret  
250 and dues taxes, the notice required pursuant to subparagraph (A) of  
251 this subdivision shall not be required, but the procedure in subdivision  
252 (6) of subsection (f) of this section shall be followed after the board of  
253 directors of the authority has given approval to such project.

254 (f) (1) Upon consideration of the application, the results of the  
255 independent financial assessment, the revenue impact assessment and  
256 any additional information that the board of directors of the authority  
257 requires concerning a proposed project, such board of directors shall  
258 determine whether to approve the project for participation in the tax  
259 incremental financing program and, if so, the amount and type of  
260 bonds the authority shall issue to support the approved project, the  
261 purposes for which the funds generated by sale of the bonds may be  
262 applied and the amount of the incremental sales and admissions,  
263 cabaret and dues taxes that shall be annually allocated to pay principal  
264 and interest on the bonds to be issued for the project. The amounts so  
265 allocated shall not exceed the estimated amount of incremental taxes to  
266 be collected, except that in the case of retail shopping center projects,  
267 the amount of incremental sales allocated to calculating incremental  
268 sales taxes shall not exceed thirty per cent of gross sales directly  
269 associated with the project. From the amount of incremental taxes so  
270 allocated by the authority, the amount required for payment of  
271 principal and interest on the bonds issued in accordance with  
272 subsection (g) of this section shall be deemed appropriated from the  
273 state General Fund, provided, for projects using incremental sales and  
274 admissions, cabaret and dues taxes, an amount shall be deemed  
275 appropriated only upon final approval of such projects pursuant to  
276 subdivision (6) of this subsection.

277 (2) The authority may approve a project only if it concludes that: (A)

278 The project is an eligible project; (B) the incremental hotel taxes or, if  
279 applicable, the incremental sales taxes collected under chapter 219 and  
280 the incremental admissions, cabaret and dues taxes collected under  
281 chapter 225 that are generated by the project, together with other  
282 dedicated sources of financing available to pay debt service on the  
283 bonds, will be sufficient to pay interest and principal on the bonds as  
284 they come due; (C) the project will be economically viable and will  
285 contribute significantly to economic development and employment  
286 opportunity in the state; and (D) the direct and indirect economic  
287 benefits of the project to the state and the municipality in which it shall  
288 be located will be greater than the costs to the state and such  
289 municipality.

290 (3) The authority shall seek to obtain diversification among the  
291 types of projects supported under this program and among the  
292 geographic regions in the state in which projects are located, provided  
293 priority shall be given to municipalities designated as enterprise  
294 corridor zones pursuant to section 32-80.

295 (4) The approval of a project by the authority may be combined with  
296 the exercise of any of its other powers, including but not limited to, the  
297 provision of other forms of financial assistance. The proceeds of the  
298 bonds may be combined with any other funds available from state or  
299 federal programs, or from investments by the private sector, to support  
300 the project.

301 (5) Upon approving a project, the authority may require the project  
302 sponsor to reimburse the authority for all or any part of the costs of the  
303 independent financial assessment conducted in reviewing the  
304 application and any other related costs incurred.

305 (6) For final approval of any proposed project using incremental  
306 sales and admissions, cabaret and dues taxes, the authority shall  
307 submit, in a manner consistent with the protection of any confidential  
308 financial information provided by the project sponsor, copies of the  
309 application, the independent financial assessment, the revenue impact

310 assessment, and the proposed financial assistance to be offered by the  
311 authority to the proposed project, to the joint standing committees of  
312 the General Assembly having cognizance of matters relating to the  
313 Department of Economic and Community Development and finance,  
314 revenue and bonding for final approval. Not later than forty-five days  
315 after said committees' receipt of such proposed project information,  
316 said committees shall advise the authority of their approval or  
317 modifications, if any, to such proposed financial assistance. If said  
318 committees do not agree, the committee chairpersons shall appoint a  
319 committee on conference which shall be comprised of three members  
320 from each joint standing committee. At least one member appointed  
321 from each committee shall be a member of the minority party. The  
322 report of the committee on conference shall be made to each  
323 committee, which shall vote to accept or reject the report. The report of  
324 the committee on conference may not be amended. If a joint standing  
325 committee rejects the report of the committee on conference, the  
326 proposed financial assistance shall be deemed approved. If the joint  
327 standing committees accept the report, the committee having  
328 cognizance of finance, revenue and bonding shall advise the authority  
329 of their approval or modifications, if any, of such proposed financial  
330 assistance, provided, if the committees do not act within forty-five  
331 days, the proposed financial assistance shall be deemed approved.  
332 Financial assistance by the authority for the proposed project shall be  
333 in accordance with the proposed financial assistance as approved or  
334 modified by the committees.

335 (g) (1) The authority may issue one or more series of bonds in  
336 accordance with the provisions of chapter 579, to the extent not  
337 inconsistent with the provisions of this subsection, payable in whole or  
338 in part from the incremental taxes allocated and deemed appropriated  
339 from the state General Fund under subsection (f) of this section and  
340 any amounts contributed by a municipality under subsection (i) of this  
341 section, to finance a project approved under this section or to refund  
342 bonds previously issued under this section. The authority is  
343 authorized to make a grant of all or part of the proceeds of such bonds

344 to any person in connection with the acquisition, construction and  
345 equipping of an eligible project, including the expense of the state or  
346 any municipality, or any instrumentality or agency of the state or any  
347 municipality, in connection therewith. Subject to applicable federal tax  
348 law, the authority may issue such bonds, the interest on which is  
349 excludable from gross income for federal income tax purposes, or such  
350 bonds, the interest on which is not so excludable. The authority, when  
351 authorizing the issuance of any series of such bonds, shall, in  
352 conjunction with the State Treasurer, determine the rate of interest of  
353 such bonds, the date or dates of their maturity, the medium of  
354 payment, the redemption terms and privileges, whether such bonds  
355 shall be sold by negotiated or competitive sale and any and all other  
356 terms, covenants and conditions not inconsistent with this section, in  
357 connection with the issuance thereof, including but not limited to, the  
358 pledging of special capital reserve funds authorized under subsection  
359 (b) of section 32-23j.

360 (2) The issuance of any bonds by the authority under this section  
361 shall be subject to the approval of the State Bond Commission. Upon  
362 approving a project, the authority shall submit the matter to the State  
363 Bond Commission for final approval. The State Bond Commission  
364 shall not approve any project unless it has received the submission  
365 from the authority at least ten days prior to the meeting at which such  
366 project is to be considered. Such submission shall include the  
367 information considered by the authority in approving the project, the  
368 independent financial assessment and such other information as the  
369 commission deems appropriate. In reaching its decision, the State  
370 Bond Commission may consider such information as submitted. After  
371 such approval by the Bond Commission, no other approval shall be  
372 required for the project.

373 (h) For such period of time as bonds issued to support an approved  
374 project are outstanding, the Treasurer shall make payment of interest  
375 and principal on the bonds to the trustee when due, but not exceeding  
376 in any fiscal year the amount deemed appropriated pursuant to

377 subsection (f) of this section.

378 (i) A portion of the proceeds of bonds issued pursuant to this  
379 section may be made available to a municipality in which a project is  
380 located for the purpose of carrying out or administering a  
381 redevelopment plan or other functions authorized under chapter 130  
382 or chapter 132. Such municipality may contribute all or any part of the  
383 money specified in subdivision (2) of section 8-134a or subdivision (b)  
384 of section 8-192a to the authority for the payment of principal and  
385 interest on the bonds issued by the authority under this section to  
386 support such approved project. In exercising such power, such  
387 municipalities shall proceed as provided in said chapter 130 or 132, as  
388 the case may be, except that the references therein to bonds and bond  
389 anticipation notes shall be deemed to refer to the bonds issued by the  
390 authority under this section.

391 (j) (1) Not later than July first in each year that bonds issued to  
392 support an approved project are outstanding, the authority shall  
393 submit a report to the joint standing committees of the General  
394 Assembly having cognizance of matters relating to the Department of  
395 Economic and Community Development and finance, revenue and  
396 bonding with respect to the operations, finances and achievement of  
397 the economic development objectives of the projects approved under  
398 this section. The authority shall review and evaluate the progress of  
399 each project and shall devise and employ techniques for forecasting  
400 and measuring relevant indices of accomplishment of its goals of  
401 economic development, including, but not limited to, (A) the actual  
402 expenditures compared to original estimated costs, (B) whether there  
403 have been significant cost increases over original estimates, (C) the  
404 number of jobs created, or to be created, by or as a result of the project,  
405 (D) the cost or estimated cost, to the authority, involved in the creation  
406 of those jobs, (E) the amount of private capital investment in, or  
407 stimulated by, the project, in proportion to the public funds invested in  
408 such project, (F) the number of additional businesses created and  
409 associated jobs, and (G) any impact on tourism.

410 (2) Not later than July first in each year that bonds issued to support  
411 an approved project are outstanding, the Office of Policy and  
412 Management shall retain independent financial experts to conduct an  
413 analysis of the financial status of each project approved under this  
414 section. The independent financial analysis shall include, but not be  
415 limited to, determinations as to whether the incremental hotel taxes or,  
416 if applicable, the incremental sales and admissions, cabaret and dues  
417 taxes actually generated by the project are equal to the estimates made  
418 at the time the project was approved, whether the project is  
419 economically viable and whether the bonds issued are self-sustaining  
420 with the incremental taxes actually collected and other financing  
421 sources dedicated to repayment of the bonds. The authority shall  
422 require the project sponsor to reimburse the Office of Policy and  
423 Management for the costs of such annual analyses. The results of such  
424 analyses shall be made available to the president pro tempore of the  
425 Senate, the speaker of the House of Representatives, the majority and  
426 minority leaders of both houses, and to the chairpersons and ranking  
427 members of said committees.

428 [(k) No commitments for new projects shall be approved by the  
429 authority under this section on or after July 1, 2012.]

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2011</i>	32-23zz
Sec. 2	<i>July 1, 2011</i>	32-285

***Statement of Purpose:***

To encourage the use of tax incremental financing in enterprise corridor zones.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*